

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

OCTOBER 1, 1999

IN RE:)	
)	
PETITION OF UNITED TELEPHONE)	DOCKET NO. 99-00314
COMPANY FOR APPROVAL OF AN)	
INTRALATA TOLL DIALING PARITY PLAN)	

**ORDER APPROVING THE INTRALATA TOLL DIALING PARITY
IMPLEMENTATION PLAN**

This matter came before the Tennessee Regulatory Authority (the "Authority") on June 22, 1999, at a regularly scheduled Authority Conference, to consider the Petition of United Telephone Company ("United") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.¹ Specifically, section 251 (b)(3) of the Act states, "Dialing Parity - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further states in sections 251(f)(1) and 251(f)(2) that a rural telephone company may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

¹ Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 47 U.S.C. §§151 *et seq.*

FILE

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings in FCC 96-333 Order (Docket 96-98) adopted on August 8, 1996. This Order sets forth the criteria and guidelines for filing of a plan by all carriers. Subsequent to this Order the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services.² On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity.³

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released FCC 99-54 Order (Docket 96-98) on March 23, 1999, which set forth revised implementation dates for dialing parity. This Order establishes April 22, 1999 as the new date by which all Local Exchange Carriers must file an IntraLATA Toll Dialing Parity Plan with State Commissions for approval. The Plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the Plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the Plan by June 22, 1999.

United is an incumbent local exchange carrier that provides telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, United is required to file a plan with the Authority that provides for implementing intraLATA toll dialing parity throughout United's exchanges in Tennessee.⁴ This plan must allow customers to pre-subscribe to different carriers for local service,

² FCC v. Iowa Utils. Bd., United States Court of Appeals for the Eighth Circuit, July 18, 1997.

³ AT&T v. Iowa Utils. Bd., 119 S.Ct. 721 (1999).

⁴ Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation; and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

intraLATA toll service and interLATA toll service.⁵

United filed its IntraLATA Toll Dialing Parity Implementation Plan on April 27, 1999. The Plan was amended on May 21, 1999 and June 21, 1999. The amended Plan containing United's Petition for Approval, is attached hereto as Attachment A and is fully incorporated herein by this reference.

The Directors considered United's Plan at the June 22, 1999 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth by the FCC in Docket 96-98, FCC Order 96-333 and FCC Order 99-54 with one exception.⁶ The Plan as amended provides for a method that enables customers to select alternate providers of telephone toll service; a method which allows customers to choose different carriers for interLATA and intraLATA service; customer notification/education procedures; and includes a cost recovery method based on the incremental cost of implementing the Plan. The Plan as amended, however, states that customers will be charged a "cost-based PIC change charge per United's tariff" for PIC changes. This language is unclear as to the exact charge the customer will incur when changing intraLATA toll providers. Therefore, the Directors unanimously voted to approve United's IntraLATA Toll Dialing Parity Implementation Plan as amended, with the requirements that 1) only the NECA PIC change charge will apply to PIC changes and no service order charge will apply, and 2) United will comply with all applicable sections of FCC Order 96-333 upon implementation of intraLATA equal access.

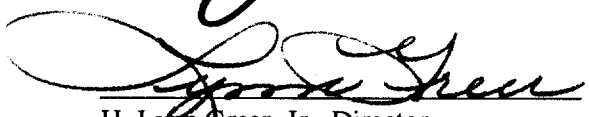
⁵ Pre-subscription allows the customer to place a call without dialing an access code.

⁶ FCC Order 96-333, released August 8, 1996, sets forth the requirements for implementation of IntraLATA Toll Dialing Parity. FCC Order 99-54, released March 23, 1999, extends to June 22, 1999 the deadline for state commissions to act on a LEC's IntraLATA Toll Dialing Parity Plan.

IT IS THEREFORE ORDERED THAT:

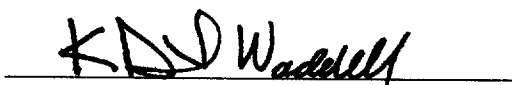
1. The amended Plan of United Telephone Company for IntraLATA Toll Dialing Parity Implementation, a copy of which is attached as Attachment A, is hereby approved and is incorporated in this Order as if fully rewritten herein;
2. United Telephone Company shall only charge the NECA PIC change charge for PIC changes;
3. United Telephone Company shall amend its tariffs reflecting the intraLATA toll dialing parity implementation incremental cost recovery plan rate element;
4. United Telephone Company shall comply with all applicable sections of FCC Order 96-333 upon implementing IntraLATA equal access; and
5. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

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OFFICE OF THE
EXECUTIVE SECRETARY

Intralata Toll Dialing Parity Plan

**United Telephone Company
Chapel Hill, Tennessee**

April 22, 1999

99-00314

I. INTRALATA TOLL DIALING PARITY

A. PURPOSE

1. United Telephone Company (United) has described herein the process for implementing Intralata Toll Dialing Parity in its exchanges (Belfast, Chapel Hill, College Grove, Estill Springs, Flat Creek, Fosterville, Nolensville, & Unionville) located within the Nashville Lata (470) in the State of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls.

B. INTRALATA ENVIRONMENT

1. United's customers can currently dial seven digits to complete local exchange or intraLATA toll calls. The scheduled date for implementation of toll dialing parity should not change this dialing pattern. After upgrading switch technology and software configurations, seven-digit dialed numbers that are intraLATA toll calls should be prefixed with the area code before being transmitted to the carrier. This prefixing should allow carriers to receive a seven-digit dialed intraLATA toll number as a complete ten digit number.
2. In 1995, toll-free intraLATA county-wide calling was initiated for United via an order from the Tennessee Public Service Commission. United currently maintains tax code billing tables to identify "free county-wide" intraLATA toll calls originated by its intraLATA toll customers and to ensure that billing does not occur on these calls. United will continue to process toll-free intraLATA county-wide calls in this manner for its intraLATA toll customers after implementation of intraLATA toll dialing.

C. IMPLEMENTATION SCHEDULE

1. United will offer dialing parity for intraLATA toll in all of its exchanges by July 22, 1999.

D. CARRIER SELECTION PROCEDURES

1. United will implement the full 2-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.
2. United's employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intraLATA toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

Existing Customers

1. Currently, the LEC is the intraLATA toll provider for existing customers in United's local exchange area. On the date in which intraLATA toll presubscription is implemented, customers may presubscribe to any telecommunications carrier offering intraLATA toll service in their exchange. The LEC will be the designated carrier for local long distance calling until the customer affirmatively chooses an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers directly to United, as their local exchange service provider, through the local Business Office or indirectly through their selected carriers.
2. Customers will be assessed a cost-based PIC change charge per United's tariff for changing their intraLATA carrier. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose the same carrier for both jurisdictions, only one charge will be assessed. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose different carriers for each jurisdiction, two charges will be assessed.
3. For a waiver period of 90 days from implementation, customers will not be assessed an intraLATA PIC change charge for their initial intraLATA toll carrier choice. Only the interLATA charge will be assessed when the intraLATA and interLATA carriers are changed to different carriers during one contact with the Business Office during the waiver period.
4. A charge will be established for "slamming" or unauthorized PIC changes submitted for end-user customers. United will be subject to the rules related to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Sections (2)-(6). (Section (1) defines the manner in which IXCs should confirm PIC change information prior to submitting the information to LECs. Because United is a LEC, the communication of information in the manner defined would not be applicable.)

New Installation Customers

1. Customers who contact United requesting new telephone exchange service are currently being provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers, including United, that provide intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within United's system as a "no PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" within United's systems will be required to dial 10XXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

E. CUSTOMER EDUCATION/NOTIFICATION

1. Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. United anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

F. CARRIER NOTIFICATION

1. Current interexchange carriers will be notified of United's intraLATA toll dialing parity implementation via letter approximately 30 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 10 days in advance of United's implementation date. United needs notification in advance to include the carrier on the list of participating carriers in each United exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying United.
2. United will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in a timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or for existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.
3. United will comply with Part 51, Sections 305, 307, 325, 327, 329, 331, 333 and 335 of the FCC Order in providing the required information and notice to the public of network changes. United plans to file a public notice with the FCC, with possible migration of the notice to the Internet process as described in Section 329. The notice will include network information as outlined in Section 327. The notice will be provided within the timeframes described in Sections 331-333.

G. ACCESS TO OPERATOR SERVICES AND DIRECTORY ASSISTANCE

1. Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard has been established for access to Operator Services and Directory Assistance unique to the intraLATA carrier. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" for accessing the local exchange Directory Assistance and customers dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.
2. The local and interLATA Operator Services and Directory Assistance may be branded by the local and interLATA carriers, as appropriate, based on the dialing pattern of the end user. Since no unique intraLATA dialing pattern currently exists in the industry, United is not capable of identifying intraLATA calls to United's local or the IXC's interLATA operators or directory assistance representatives. As such, this procedure is considered in compliance with FCC Order No. 96-333, Rule 51-217(d).

H. COST RECOVERY

See attached Exhibit 1.

I. RIGHTS UNDER §251(f)(2) OF THE TELECOMMUNICATIONS ACT OF 1996

The filing of this plan does not preclude United Telephone from exercising any of its rights to Suspension or Modification under §251(f)(2) of the Telecommunications Act of 1996.

TENNESSEE
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription. Incremental costs include the following items:

- a) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- b) central office software upgrades
- c) software translations
- d) system programming/testing
- e) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- f) customer notification (bill message, newsletter and special mailing)
- g) implementation activity - administrative costs
- h) PIC change charge waiver

\$83,950

Step 2: Identify estimated total originating Intrastate/IntraLATA minutes of use for the 4 year recovery period.

56,113,200

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.00149608

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.